

valid with respect to a vote on any matter described in Section 7613(g) of the California Corporations Code unless the general nature of the proposal was set forth in the proxy.

ARTICLE III

3. Administration.

3.1 Association Responsibilities.

In accordance with the Declaration, the Association is responsible for administering the Properties, maintaining and repairing the Association Property, approving the Budget, establishing and collecting all assessments authorized under the Declaration, and arranging for overall architectural control of the Properties.

3.2 Place of Meetings of Members.

Meetings of the Members shall be held on the Properties or such other suitable place as proximate thereto as practical and convenient to the Members as designated by the Board.

3.3 Annual Meetings of Members.

The first annual meeting of Members shall be held within six (6) months after the first Close of Escrow for the sale of a Lot in the Properties. Thereafter, the annual meetings shall be held on or about the anniversary date of the first annual meeting. Each first Mortgagee may designate a representative to attend all annual meetings.

3.4 Special Meetings of Members.

The Board shall call a special meeting of the Members (a) as directed by the resolution of a majority of a quorum of the Board, (b) by request of the President of the Association, or (c) upon receipt of a petition signed by Members representing at least five percent (5%) of the Association's total voting power. The Secretary shall give notice of any special meeting within twenty (20) days after adoption of such resolution or receipt of such request or petition. The notice must state the date, time and place of such meeting and the general nature of the business to be transacted. The special meeting must be held not less than thirty-five (35) nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business may be transacted at a special meeting except as stated in the notice. Each first Mortgagee may designate a representative to attend all special meetings.

3.5 Notice.

The Secretary shall send a notice of each annual or special meeting by first-class mail, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record and to each first Mortgagee who has filed a written request for notice with the Secretary, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice must specify those matters the Board intends to present for action by the Members, but, except as otherwise provided

by law, any proper matter may be presented at the meeting for action. The notice of any meeting at which Directors are to be elected must include the names of all nominees at the time the notice is given to Members. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice must be posted in a conspicuous place on the Association Property and is deemed served upon a Member upon posting if no address has been then furnished the Secretary.

Notwithstanding any other provision of these Bylaws, approval by the Members of any of the following proposals, other than by unanimous approval of those Members entitled to vote, is not valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling vacancies on the Board; (c) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; (d) amendment of the Articles; or (e) electing to wind up and dissolve the Association.

3.6 Record Dates.

The Board may fix a date as a record date for the determination of the Members entitled to notice of any meeting of Members. The record date so fixed must be not less than ten (10) nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for notice to Members, the record date for notice is the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for the determination of the Members entitled to vote at any meeting of Members. The record date so fixed must be not less than ten (10) nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

3.7 Adjourned Meetings.

If any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the original meeting date, at which meeting the quorum requirement is the presence in person or by proxy of Members holding at least twenty-five percent (25%) of the Association's voting power. Such an adjourned meeting may be held without the notice required by Section 3.5 if notice thereof is given by announcement at the meeting at which such adjournment is taken.

3.8 Order of Business/Conduct of Meeting.

Meetings of Members must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The order of business at all meetings of the Members is as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished

business; and (i) new business. Any Member shall be permitted to speak at meetings of Members. A reasonable time limit for all Members to speak before a meeting of the Members shall be established by the Board.

3.9 Action Without Meeting.

Any action which may be taken at a meeting of the Members (except for the election of Directors) may be taken without a meeting by written ballot of the Members. Ballots must be solicited in the same manner as provided in Section 3.5 for the giving of notice of meetings of Members. Such solicitations must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot must afford an opportunity to specify a choice between approval and disapproval of each matter and must provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting, and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot.

3.10 Consent of Absentees.

The transactions of any meeting of Members, either annual or special, however called and noticed, are as valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present either in person or by proxy, and (b) either before or after the meeting, each of the Members not present in person or by proxy signs (i) a written waiver of notice, (ii) a consent to the holding of such meeting, or (iii) an approval of the minutes thereof. The Secretary shall file all such waivers, consents or approvals with the corporate records or make them a part of the minutes of the meeting.

3.11 Minutes, Presumption of Notice.

Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given constitutes prima facie evidence that such notice was given.

ARTICLE IV

4. Board of Directors.

4.1 Number and Qualification.

Until the first annual meeting of the Members, the Association's property, business and affairs shall be governed and managed by a Board of Directors composed of three (3) Persons. Commencing with the first annual meeting of the Members, the property, business and affairs of the Association shall be governed and